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Message Text

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ACTION EB-03

INFO OCT-01 EUR-10 EA-07 IO-03 ISO-00 AF-04 ARA-10 NEA-06

RSC-01 OIC-01 AGR-03 CEA-01 CIAE-00 COME-00 DODE-00

FRB-01 H-01 INR-10 INT-01 L-02 LAB-01 NSAE-00 NSC-07

PA-01 AID-05 CIEP-01 SS-14 STR-01 TAR-01 TRSE-00

USIA-04 PRS-01 SP-02 FEAE-00 OMB-01 SWF-01 DRC-01

/106 W
---------- 040163
R 081446Z OCT 74
FM USMISSION GENEVA
TO SECSTATE WASHDC 8647
INFO USMISSION EC BRUSSELS
AMEMBASSY CANBERRA
AMEMBASSY OTTAWA
USMISSION OECD PARIS
AMEMBASSY TOKYO

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E.O. 11652: N/A
TAGS: ETRD, GATT
SUBJECT: GATT MANAGEMENT GROUP

REF: A. STATE 211941
B. STATE 219972

SUMMARY: AT OCTOBER 8 GATT MEETING US PRESSED FOR HOLDING SIZE OF PROPOSED GATT MANAGEMENT GROUP TO 15. SUBSEQUENT DISCUSSION SHOWED MOST OTHERS FAVORED GROUP OF QUOTE NOT MORE THAN 20 UNQUOTE. DRAFT TERMS OF REFERENCE NOW SEEM GENERALLY AGREED.

1. INFORMAL GATT GROUP OF SEVEN PLUS SEVEN PLUS ONE
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MET OCTOBER 8 TO DISCUSS MEMBERSHIP AND REVISED DRAFT

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TERMS OF REFERENCE FOR PROPOSED MANAGEMENT GROUP.
DIRECTOR-GENERAL LONG LED OFF REPORTING THAT IMF
HAD ESTABLISHED INTERIM COMMITTEE WITH MEMBERSHIP
OF NOT MORE THAN 20 AND THAT IMF WAS NOW AWAITING
GATT ACTION. US (BRUNGART) SPOKE NEXT IN ACCORDANCE
PREARRANGEMENT WITH LONG. STATED US CONSIDERS
PROPOSED MANAGEMENT GROUP COULD PLAY USEFUL ROLE BOTH
FOR CONTINUING DISCUSSION TRADE POLICY DEVELOPMENTS AND
FOR GATT-IMF COORDINATION, BUT ONLY ON CONDITION GROUP
WAS KEPT SMALL SO AS TO BE EFFECTIVE AND MANAGEABLE. STATED
WE STRONGLY PREFERRED GROUP OF 15 AND HOPED LONG WOULD
BE ABLE PUT CONCRETE PROPOSAL TO OCTOBER 21 COUNCIL MEETING
FOR GROUP OF THIS SIZE. SUBSEQUENT SPEAKERS ALSO MENTIONED
NEED FOR GROUP TO BE SMALL BUT MANY (PARTICULARLY LDCS) ALSO
EMPHASIZED NEED FOR IT TO BE REPRESENTATIVE. JAPAN, WHICH SPOKE
IMMEDIATELY AFTER US, SAID GROUP SHOULD QUOTE CERTAINLY NOT
BE MORE THAN 20 UNQUOTE AND THIS CONCEPT REPEATED BY MANY
INCLUDING SCANDINAVIA, MALAYSIA, SWITZERLAND, PAKISTAN,
ARGENTINA, PERU. IN SUPPORT OF THIS POSITION IT WAS NOTED
IMF GROUP TOTALLED 20 MEMBERS AND THAT ORIGINAL LONG PROPOSAL IN
JUNE (L/4048) HAD SPOKEN OF GROUP OF NOT MORE THAN 20. WE
RECEIVED SOME SUPPORT FROM CANADA, WHICH WHILE NOT
SPECIFICALLY REJECTING MEMBERSHIP AS LARGE AS 20 NOTED RISKS
OF ADDING TO SIZE OF POTENTIAL GROUP. EC DID NOT
SPEAK ON ISSUE. INDIA SAID THAT WHILE GROUP SHOULD
NOT BE MORE THAN 20, IT SHOULD ALSO NOT BE LESS THAN
20 AND PROPOSED IMMEDIATE AGREEMENT THAT GROUP
SHOULD BE THIS SIZE WITH QUESTION OF EXACTLY WHO MEMBERS
WOULD BE TO BE DETERMINED LATER. US, IN SECOND
INTERVENTION, MADE CLEAR WE WOULD CONSIDER MEMBERSHIP
OF 20 CLEARLY EXCESSIVE AND COULD NOT POSSIBLE AGREE TO
INDIAN PROPOSAL. POINTED OUT THAT ENLARGING SIZE BEYOND
15 WOULD NOT NECESSARILY EASE PROBLEMS OF MAKING IT
REPRESENTATIVE AND THAT IMF PRECEDENT RE GROUP SIZE SHOULD
NOT BE DETERMINANT, PARTICULARLY IN VIEW SMALLER GATT
MEMBERSHIP.

2. COMMENT: WE BELIEVE STRONG STAND TAKEN BY US SHOULD
GIVE LONG GOOD AMMUNITION IN PRESSING FOR SMALL GROUP BUT
SEE LITTLE CHANCE HE CAN HOLD IT BELOW 16. WE AGREE REFTEL (B)
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CONCERN ABOUT AVOIDING GROUP THAT WOULD BE LDC DOMINATED
BUT DO NOT BELIEVE GROUP OF 16 WITH MEMBERSHIP AS LISTED
PARA 2 REFTEL (B) WOULD BE SUBJECT TO THAT DEFECT. SINCE EC
WOULD HAVE 10 PLACES AT THE TABLE, DEVELOPED COUNTRY
REPS WOULD ACTUALLY LARGELY OUT-NUMBER LDCS.

3. CONCERNING TERMS OF REFERENCE, MEETING AGREED TO OUR
PROPOSAL TO DELETE REFERENCE TO MANAGEMENT GROUP

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NORMALLY MEETING THREE TIMES A YEAR.
CONCERNING PROPOSAL
TO SUBSTITUTE QUOTE ACTIONS UNQUOTE FOR QUOTE
DISTRUBANCES UNQUOTE IN PARAGRAPH (B), EC AND OTHERS
PREFERRED ORIGINAL LANGUAGE ON GROUNDS THAT IT MORE
COMPREHENSIVE. SECRETARIAT ALSO NOTED QUOTE SUDDEN
DISTURBANCES UNQUOTE WAS TERM USED BY IMF IN JUNE
13 COMMUNIQUE OF COMMITTEE OF BOARD OF GOVERNORS. WE
ACCORDINGLY DID NOT PURSUE POINT. OTHER CHANGES IN DRAFT
MANDATE WERE TO DELETE QUOTE THE TRADE ASPECTS OF UNQUOTE
IN PARA (C), TO ADD A REFERENCE TO THE POSSIBILITY OF ROTATION
TO THE SENTENCE DEALING WITH MEMBERSHIP AND TO MAKE THE
FINAL SENTENCE MORE SPECIFIC THAT THE GROUP WAS BEING
ESTABLISHED IN THE FIRST INSTANCE FOR A PERIOD OF ONLY ONE YEAR.

4. NEXT PROCEDURAL STEP LEFT VAGUE, BUT LONG REFERRED TO
POSSIBLE NEED FOR ANOTHER SEVEN PLUS SEVEN PLUS
ONE MEETING BEFORE THE OCTOBER 21 COUNCIL. DALE

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